

Message Text

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ORIGIN ARA-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00 COME-00
EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 SAB-01
NSC-05 SS-15 STR-04 CEA-01 L-03 H-01 /105 R

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NEA/ARP:JPLYLE (DRAFT)
ARA/ECP:MR. TAYLOR

-----140121Z 035183 /62

R 132112Z JAU 77
FM SECSTATE WASHDC
TO AMEMBASSY PANAMA
AMEMBASSY LONDON
AMEMBASSY KUWAIT

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E.O. 11652: N/A

TAGS:PN, KU, ETRD, UK

SUBJECT:GOP KUWAITI DINAR BOND ISSUE

1. THE GOVERNMENT OF PANAMA IS FLOATING A BOND ISSUE
IN LONDON FOR 4 MILLION KUWAITI DINARS (ABOUT U.S. DOLS 13.7
MILLION) TO "FINANCE PANAMA'S CAPITAL EXPENDITURE PROGRAM."
THE BONDS ARE 1000 DINARS EACH (ABOUT U.S. DOLS 3420) WITH
A TERM OF 10 YEARS, ENDING IN 1987. THE INTEREST RATE IS 9
PERCENT, BUT, SINCE THE BONDS ARE BEING ISSUED AT 99.75
PERCENT OF THEIR PAR VALUE YIELD WILL BE SLIGHTLY HIGHER.
SPECIAL FEATURES OF THE ISSUES ARE:

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(A) THE AGENT CAN PURCHASE UP TO 250,000 DINARS OF BONDS
PER YEAR ON THE OPEN MARKET IF THE PRICE FALLS BELOW THE
PAR VALUE;

(B) AT THE END OF FIVE YEARS BOND HOLDERS HAVE A ONE

TIME OPPORTUNITY TO REDEEM THE NOTES AT PAR VALUE BEFORE MATURITY.

THE BONDS WERE SOLD AND THE CERTIFICATES TRANSFERRED TO THE MANAGERS ON JANUARY 12, 1977. INTEREST WILL BE PAID ON JANUARY 15 OF EACH YEAR BEGINNING IN 1978.

2. THE AGENT AND LEAD MANAGER FOR THE ISSUE IS THE KUWAIT INTERNATIONAL INVESTMENT COMPANY (KIIC). THE OTHER MANAGERS ARE MERRILL LYNCH INTERNATIONAL, INC.; ARAB INTERNATIONAL FINANCIAL LTD. (ARINFI LTD., NATIONALITY: KUWAIT, SAUDI ARABIA, UNITED ARAB EMIRATES); AND THE LIBYAN ARAB FOREIGN BANK (NATIONALITY: LIBYA WITH SOME FRENCH PARTICIPATION.) MERRILL LYNCH HAS POSSIBLY ALREADY SOLD ITS SHARE OF THE BONDS TO SMALLER INVESTORS. WE HAVE NO INFORMATION ABOUT THE OTHER MANAGERS, BUT THEY WILL PROBABLY EITHER HOLD THEIR BONDS FOR THEIR OWN ACCOUNT OR SELL THEM TO MIDDLE EASTERN PUBLIC INSTITUTIONS (GOVERNMENTS OR INVESTMENT FUNDS) OR POSSIBLY TO PRIVATE INDIVIDUALS IN THE MIDDLE EAST.

3. MERRILL LYNCH CALLS THIS "A BEAUTIFUL EXAMPLE OF RECYCLING" OF ARAB PETRODOLLARS. ANOTHER SOURCE VOUCHES FOR THE ISSUE'S SOLIDITY BECAUSE OF THE KUWAITI DINAR DENOMINATION AND THE PARTICIPATION OF MERRILL LYNCH.

4. FOR PANAMA: ANY INFORMATION YOU CAN PROVIDE ABOUT THE USES TO WHICH THIS MONEY WILL BE PUT WOULD BE USEFUL.

5. FOR LONDON: PLEASE OBTAIN AND POUCH TO ARA/PAN A LIMITED OFFICIAL USE

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COPY OF THE PROSPECTUS. ALSO PLEASE REPORT ANY OTHER BACKGROUND INFORMATION YOU CAN LEARN, PARTICULARLY ANY PLANS FOR ADDITIONAL BOND ISSUES.
KISSINGER

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

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